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Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 EUR-12 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-01 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-01

CEA-01 NEA-09 FEA-01 OES-03 /107 W
---------- 080623
R 180435Z JAN 75
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7391
INFO CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 0714

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PFOR JA
SUBJ: MEETING WITH PRIME MINISTER MIKI

1. SHORTLY AFTER PRIME MINISTER MIKI TOOK OFFICE I RECEIVED WORD THAT HE WISHED TO MEET WITH ME TO ASSURE US OF HIS CONTINUING FIRM SUPPORT FOR A POLICY OF CLOSE AND COOPERATIVE RELATIONS WITH THE U.S. IN MY FIRST MEETING WITH HIM ON JANUARY 17, LASTING ABOUT AN HOUR, MIKI OPENED CONVERSATION BY COMMENTING THAT PRESIDENT FORD'S VISIT TO JAPAN HAD BEEN AN EVENT OF HISTORICAL SIGNIFICANCE AND ONE WHICH "SOLIDIFIED THE FOUNDATION OF OUR RELATIONSHIP". HE ALSO REMARKED THAT VERY RECENTLY HE HAD AN OPPORTUNITY TO DISCUSS THE VISIT WITH THE EMPEROR WHO HAD EXPRESSED HIS COMPLETE SATISFACTION WITH THE VISIT AND WITH THE FACT IT HAD SERVED THE PURPOSE OF STRENGTHENING RELATIONS BETWEEN OUR TWO COUNTRIES. I TOOK THE OCCASION TO THANK MIKI FOR HIS THOUGHTFUL MESSAGE TO THE PRESIDENT SHORTLY
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AFTER HE BECAME PRIME MINISTER AND MIKI IN TURN

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EXPRESSED APPRECIATION FOR THE PRESIDENT'S MESSAGE
TO HIM. AT THE CLOSE OF OUR CONVERSATION, MIKI
EMPHASIZED THE IMPORTANCE OF CONTINUING CLOSE CONTACT
BETWEEN OUR TWO GOVERNMENTS IN ORDER TO FOSTER MUTUAL
UNDERSTANDING. HE SAID THAT HE BELIEVES HIS ADMINISTRA-
TION SHOULD CONCENTRATE ON DOMESTIC PROBLEMS DURING
THE FIRST SIX MONTHS, BUT THAT AFTER THAT TIME HE
LOOKS FORWARD TO AN OPPORTUNITY TO VISIT THE U.S.
SO THAT HE CAN MEET WITH PRESIDENT FORD.

2. I TOOK THE OPPORTUNITY OF THIS MEETING TO CALL
THE PRIME MINISTER'S ATTENTION TO CERTAIN ASPECTS OF
THE PRESIDENT'S STATE OF THE UNION MESSAGE WHICH I
FELT WERE OF SPECIAL IMPORTANCE AND INTEREST TO JAPAN.
IN PARTICULAR, I NOTED THE CLEAR DETERMINATION THE
PRESIDENT HAD SHOWN TO INSURE THAT THE U.S. IS LESS
VULNERABLE TO CHANGES IN PRICE AND THE AVAILABILITY
OF ENERGY SOURCES FROM OUTSIDE OUR OWN BORDERS, TO
THE CLEAR PRIORITY GIVEN TO MEASURES TO RE-INVIGORATE
THE U.S. ECONOMY AND TO THE RE-AFFIRMATION OF CON-
TINUITY IN BASIC ELEMENTS OF U.S. FOREIGN POLICY,
AND MOST ESPECIALLY THE PRESIDENT'S DESIRE TO CON-
TINUE TO WORK CLOSELY WITH OTHER NATIONS TO SOLVE
THE PRESSING MULTI-LATERAL PROBLEMS.

3. MIKI EXPRESSED HIS APPRECIATION FOR PRESIDENT
FORD'S PERSONAL MESSAGE TO HIM CONCERNING THE
STATE OF THE UNION MESSAGE. HE SAID THAT JAPAN HAS
NOTED AND APPRECIATES THE WILLINGNESS OF THE U.S.
TO TAKE INTO CONSIDERATION THE INTEREST OF OTHER COUNTRIES
IN FORMULATING ITS POLICIES. HE THEN SPOKE AT SOME
LENGTH CONCERNING HIS OWN APPROACH TO JAPAN'S
ECONOMIC PROBLEMS. HE EXPLAINED THAT JAPAN STILL
FACES AN ABNORMALLY HIGH RATE OF INFLATION, NOTING
THAT ALTHOUGH THERE ARE SOME SIGNS THAT THIS RATE IS
DECLINING, THE TOKYO CONSUMER PRICE INDEX IN DECEMBER
1974 STOOD AT 21.5 PERCENT ABOVE THAT OF DECEMBER 1973.
HE EMPHASIZED THE GOVERNMENT'S COMMITMENT TO BRING
THE RATE OF INFLATION TO "ABOUT" 15 PERCENT BY MARCH
1975 AND ITS OBJECTIVE OF FURTHER REDUCING THE RATE
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TO BELOW 10 PERCENT BY MARCH 1976. MIKI BELIEVES
THAT THE GENERAL PUBLIC, AND PARTICULARLY ORGANIZED
LABOR, NOW HAS MORE CONFIDENCE IN THE DETERMINATION
AND ABILITY OF THE GOVERNMENT TO MEET ITS INFLATION-
DAMPENING GOALS AND THAT THERE ARE REASONABLE
PROSPECTS THAT THE GOVERNMENT WILL BE ABLE TO DO SO.
BECAUSE OF THESE EXPECTATIONS, MIKI EMPHASIZED,
ANTI-INFLATIONARY MEASURES MUST BE CONTINUED, INCLUDING

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HOLDING DOWN DEMAND AND AVOIDING A FURTHER ROUND OF HIGH WAGE INCREASES THIS SPRING. MIKI ACKNOWLEDGED THAT IT IS VERY DIFFICULT TO STRIKE A BALANCE BETWEEN ANTI-INFLATIONARY AND ANTI-RECESSION POLICIES AND SAID THAT THERE ARE ALREADY PRESSURES FROM CERTAIN SECTORS OF JAPANESE INDUSTRY FOR A GREATER EMPHASIS ON THE LATTER. HE FEELS, HOWEVER, THAT THE JAPANESE ECONOMY IS NOW AT A CRITICAL POINT REQUIRING CONTINUATION OF PRESENT POLICIES TO BREAK THE BACK OF INFLATION. ONCE THIS IS DONE, HE SAID, IT WILL BE POSSIBLE AND EVEN NECESSARY FOR JAPAN TO SHIFT EMPHASIS IN THE DIRECTION OF RESTIMULATING THE ECONOMY.

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CEA-01 NEA-09 FEA-01 OES-03 /107 W
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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 0714

CINCPAC FOR POLAD

4. MIKI THEN TURNED TO THE RECENT SOVIET ACTION SUSPENDING IMPLEMENTATION OF THE 1972 U.S.-SOVIET TRADE AGREEMENT. HE EXPRESSED THE STRONG HOPE THAT THIS DEVELOPMENT WOULD NOT ADVERSELY AFFECT PROSPECTS FOR FURTHER PROGRESS TOWARD DETENTE AND THE DEVELOPMENT OF A COOPERATIVE RELATIONSHIP BETWEEN U.S. AND SOVIET UNION, WHICH HE CONSIDERS OF VITAL

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IMPORTANCE TO WORLD PEACE AND STABILITY. HE ALSO
EXPRESSED THE HOPE THAT THIS DEVELOPMENT WOULD NOT
ADVERSELY AFFECT THE SITUATION IN THE MIDDLE EAST
WHICH, IN VIEW OF JAPAN'S DEPENDENCE ON OIL, IS
OF CRITICAL CONCERN TO IT. I RESPONDED THAT I WAS
CONFIDENT THIS DEVELOPMENT WOULD NOT AFFECT THE
DETERMINATION OF THE FORD ADMINISTRATION TO CONTINUE
ITS ENDORSEMENT OF DETENTE. I ALSO POINTED TO
INDICATIONS THAT THE SOVIET UNION ALSO WISHES TO
INSURE THAT THIS POINT OF CONTENTION DOES NOT
ADVERSELY AFFECT THE PROCESS OF DETENTE. MIKI
ADDED THE COMMENT THAT THIS DEVELOPMENT MAY AFFECT
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JAPAN'S PLANS FOR PARTICIPATION IN SIBERIAN DEVELOPMENT,
AND I ACKNOWLEDGED THE POINT. MIKI DID NOT, HOWEVER,
PURSUE THIS SUBJECT.

5. MIKI WAS RELAXED THROUGHOUT THE CONVERSATION
WHICH LASTED WELL BEYOND THE SCHEDULED TIME.
HIS STYLE IS IN MARKED CONTRAST TO HIS PREDECESSOR.
PHYSICALLY RELAXED RATHER THAN ENERGETIC AND
INTENSE; CONVERSATIONAL RATHER THAN SPEECHIFYING;
THOUGHTFUL AND GENERAL IN HIS REMARKS RATHER THAN
CONSTANTLY QUANTIFYING AND SPECIFIC; COMFORTABLE AND
SOFT SPOKEN WITH NO PUBLIC RELATIONS HEARTINESS.
HE IS INCLINED TO SUPPORT HIS VIEWS BY REFERRING
TO PUBLIC SENTIMENT RATHER THAN BY AN OUTPOURING
OF FACTS AND FIGURES. IN OUR DISCUSSION HE SEEMED
GENUINELY INTERESTED IN AN EXCHANGE OF VIEWS.
ALTHOUGH HIS ATTENTION AT THE MOMENT IS OBVIOUSLY
FOCUSED ON DOMESTIC PROBLEMS, I AM CONVINCED HE
WILL WELCOME AND ENCOURAGE CONTINUATION OF A CLOSE
DIALOGUE BETWEEN OUR TWO GOVERNMENTS.
HODGSON

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